

DAILY BULLETIN

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UNITED STATES HELPING REBUILD IRAQ DESPITE TERRORISTS' EFFORTS

U.S. general provides progress update on restoring key Iraqi infrastructure

By David McKeeby
Washington File Staff Writer

Washington – Coalition forces are working closely with Iraqi authorities to rebuild the country's schools, energy infrastructure and water and sanitation systems. Before Saddam Hussein came to power in Iraq, the nation "was the second-most prosperous country in this region. But during his tyrannical regime, the nation fell to one of the poorest in the region," said U.S. Army Major General William McCoy at a July 10 press briefing in Baghdad, Iraq.

McCoy, commander the Gulf Regional Division of the U.S. Army Corps of Engineers, which has played a major role in efforts led by the U.S. State Department to revitalize Iraq, attributed the sharp decline in living standards to the lack of attention given to proper maintenance and operations standards for Iraq's key facilities.

The extent of this neglect and its effect on the Iraqi people was not appreciated fully by the international community until the dictator was ousted. The World Bank estimated in 2002 that reconstruction of Iraqi infrastructure would cost approximately \$60 billion, but McCoy said the a more accurate long-term estimate – following 30 years of minimal upgrades and deterioration -- is closer to between \$80 billion and \$100 billion.

Increasingly, he said, the world is recognizing “what a devastating effect Saddam Hussein had on the lives of the people here.”

To date, the United States has provided more than \$21 billion toward Iraq’s reconstruction, said McCoy. More than 2,700 projects already have been completed and an additional 3,400 are under way. The key to success is sustained investment to repair Iraq’s long-neglected infrastructure, McCoy said. The U.S. military is working ever more closely at national and local levels “to ensure that the people of Iraq have what they need,” he added.

RECONSTRUCTION SUCCESS STORIES

“Everything imaginable has been undertaken in every sector,” said McCoy, including the construction of new power plants and transmission systems, water treatment and sewage systems, schools, police and fire stations and medical clinics.

Specifically, McCoy reported that coalition forces have:

- Completed refurbishment of many of the 3,000 schools across the country slated for repair by the United States;
- Installed the Advanced First Responder Network, a high-tech data and voice communications system linking police, fire and emergency services across 14 provinces;
- Initiated a series of major capital projects to build new water purification and distribution systems, including a plant scheduled to open in Erbil in August that will provide drinking water for 300,000 area residents; and
- Worked with the Iraqi Ministry of Electricity to complete 150 separate projects to improve consumer power deliveries.

REVITALIZING IRAQ’S ENERGY SECTOR

Equally important to Iraq’s future, the Army Corps of Engineers has helped upgrade oil production and transportation networks to facilitate long-term economic prosperity for the new Iraq, McCoy said

As a result of a \$1.7 billion U.S. investment, Iraq now is producing 2.5 million barrels of oil per day and is on track to increase production to 3 million barrels per day by the end of the year, he reported. In addition, the Corps is helping the Iraqis rehabilitate 20 neglected gas oil separation plants, which will be able to capture an

additional 3,000 tons per day of natural gas that currently is being lost in the production process. In addition, the United States recently completed a two-year project to build a new underground pipeline for Iraq’s North Oil Company.

The pipeline runs beneath the Tigris River and allows oil to flow north for easy export from Kirkuk, Iraq, or southward for refining. McCoy said that the country’s three successful elections send a message that “Iraq is moving towards its own form of democracy and self-reliance.”

With security improving as the government’s institutions mature, he said “The facilities that we are building with the Iraqis today are but the beginning of the great future this country has.”

REPORT REITERATES NEED FOR SUSTAINED INVESTMENT

In a July 6 report to Congress, the State Department said refurbishing long-neglected systems and building new ones will provide the new government a firm base for future economic growth.

The report states that 2,000 megawatts of electricity now are flowing through Iraq’s electrical grid, 3.7 million Iraqis now enjoy better access to clean water and 5.1 million Iraqis have access to upgraded sewer systems. The report also states that all large-scale infrastructure projects are scheduled for completion by the end of 2006.

“It has cost the United States billions [of dollars], and it will cost Iraq tens of billions before it is over. But it is yielding tangible results every day, and every day, as projects are completed, the lives of individual Iraqis are slowly improving,” McCoy said.

U.S. TRADE OFFICIAL URGES INDIA TO PURSUE DEEPER ECONOMIC REFORM

Assistant trade representative says reforms fuel greater bilateral trade

By David Shelby
Washington File Staff Writer

Washington – A senior U.S. trade official says India is enjoying tremendous economic growth as a result of its reform policies, but he encouraged India to take further steps toward economic openness in both its bilateral ties with the United States and in its approach to the World Trade Organization's (WTO) Doha round of negotiations.

Noting that U.S.-India trade is increasing at an annual rate of 30 percent, Assistant U.S. Trade Representative Douglas Hartwick told an audience at Washington's Heritage Foundation July 10, "What we're beginning to see is they're reaping the benefits of a steady, sustained path of economic reform that the Indians have chosen for themselves."

He said the greatest progress has come in areas where tariffs have been removed and regulations dismantled, but added that India has shown no flexibility in opening up its agricultural sector or allowing foreign investment in retail operations or insurance.

India has been even less forthcoming in multilateral discussions with the WTO, Hartwick said. "The United States' efforts to open market access across the board with all of our trading partners in the context of the WTO has run into the reluctance of India to open up its agriculture and perhaps in other areas of services," he said.

As a leader of the G-20 group of developing nations, India has been at the forefront of efforts to protect the developing countries' agricultural sectors from liberalization under the WTO negotiations. (See related article.)

Hartwick acknowledged the political pressure within India to protect the agricultural sector given its size and its relative inefficiency, but he said India should not be afraid of expanding its economic reforms to that part of the economy.

"Economic reform is not meant to be punishing those who are disadvantaged but in fact create economic growth trajectories that allow many of these to be better off over the next several years," he said.

Heritage Foundation trade analyst Daniella Markheim agreed. "Freer trade would promote greater efficiency and productivity, helping to advance longer-term economic growth and helping to allocate the wealth and jobs generated from that growth across more of India's workers, lessening the pervasiveness of poverty," she said.

Hartwick said that in the context of bilateral trade discussions, India has urged the United States to show greater flexibility in issuing nonimmigrant visas to facilitate business travel. This remains a sensitive issue in the United States, he said.

U.S. EXPECTS IRAN'S RESPONSE TO NUCLEAR OFFER BEFORE G8 SUMMIT

White House says United States and Russia beginning talks on civil nuclear cooperation

By Stephen Kaufman
Washington File White House Correspondent

Washington -- The Bush administration says it expects to receive an answer from Iran to the offer from France, Germany and the United Kingdom concerning its nuclear activities before leaders from the Group of Eight (G8) meet in St. Petersburg, Russia, July 15-17.

National Security Advisor Stephen Hadley said the offer by the three countries, collectively known as the EU-3, allows Iran "broad political, economic and technological benefits in return for practical guarantees that Iran's nuclear program will be solely for peaceful purposes," and that Iran is expected to respond "[b]y the time the leaders meet later this week in Russia."

Hadley, speaking to reporters at the White House July 10, said the United States hopes Iran will accept the EU-3 offer, which also has the backing of China and Russia. He said it would "ensure, among other things, that Iran has access to peaceful civilian nuclear power."

The foreign ministers of the five permanent members of the U.N. Security Council are scheduled to meet in Paris July 13 to evaluate Iran's response in order to ascertain

“whether it is enough to move towards negotiations or whether we need to reopen a process at the Security Council,” he said.

“[W]e are in the position, through that meeting, for the foreign ministers to ... make an initial determination,” and then the G8 heads of state “will be in a position to look at the issues later in the week,” he said.

Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia make up the G8.

Hadley also said Russia and the United States have agreed to initiate negotiations for an agreement to have “substantial civil nuclear energy cooperation,” known as a Section 123 agreement. It would be similar to agreements the United States currently has with countries such as China, Japan, European Union, South Africa and South Korea, he said.

“The agreement would facilitate Russian participation in things like the Global Nuclear Energy Project and the so-called Gen IV initiative to develop the next generation of civil nuclear power reactors,” Hadley said, and the negotiations are expected to “take months to do,” before being ratified by both countries’ legislatures.

He said the agreement could include cooperation in facilitating the storage of spent nuclear fuel in Russia. “It’s something that we’ll have to talk about, because in order to do that, there would have to be all kinds of technical details and safeguards worked out, and we have not made a decision to do that.”

He said the Bush administration was withdrawing its previous reservations over civilian nuclear cooperation because Russia has adopted “a number of very good proliferation safeguards,” in its building of an Iranian nuclear facility at Bushehr, “including that fuel supplied to the reactor would have to be taken back to Russia.”

Russia’s offer to allow Iran to enrich uranium at a facility in Russia, and other positions were “were helpful and constructive suggestions that put Russia pretty much on the same page with us on Iran and eliminated a major barrier to being able to start these negotiations,” he said.

He said the successful conclusion of the negotiations with Russia “will have to continue to be knit up on Iran,” because “it’s such an important issue.”

Hadley said President Bush and Russian President Vladi-

mir Putin plan to hold discussions in St. Petersburg July 15, in which they will discuss areas of cooperation, as well as differences, including U.S. concerns over “recent trends that raise questions about Russia’s commitment to democratic freedoms and institutions.”

He said the United States wants to see “a greater effort by Russians” to build democratic institutions such as a “free and independent judiciary, an independent legislature, modern, democratic, political parties, a free press, [and] a vibrant civil society.” He said those institutions “provide checks and balances on the center, both at the federal level, between the federal and the local level, and between government and the private sector.”

He said President Bush is meeting with Russian civil society leaders in St. Petersburg July 14 to show support for Russian democracy.

“These leaders work every day to promote freedom, democracy and human rights and to improve health by combating infectious disease in Russia,” he said.

In his briefing, Hadley also outlined the president’s schedule in Russia for the G8 Summit, as well as his trip to northeastern Germany to meet with Chancellor Angela Merkel on July 12-13.

CIVIL NUCLEAR COOPERATION KEY TO STRONG INDIA RELATIONSHIP

Rice praises American India community, potential of U.S.-India nuclear effort

By Lea Terhune
Washington File Staff Writer

Washington -- Addressing two influential Asian-American advocacy groups, U.S. Secretary of State Condoleezza Rice lauded the contributions of Indian Americans, saying, “They are adding not only to the wealth of our nation, but to the character of our country.”

Attendees at the July 10 inaugural gathering of the American Association of Physicians of Indian Origin and the Asian-American Hotel Owners Association in Washington, Rice spoke of the importance of U.S.- India relations

and efforts of the Bush administration to strengthen ties. "India can be a pillar of stability in a rapidly changing Asia, and a strategic partner of the United States," she said.

Rice said "India and the United States are now closer than ever," and the partnership between the two countries "has the power to transform the world." The key to realizing that potential, she said, is the U.S.- India Civil Nuclear Cooperation Initiative proposed by President Bush.

Outlining the benefits of closer nuclear cooperation, Rice said this initiative will enhance India's energy sector, free India from dependency on nations for oil, contribute to a cleaner environment, provide jobs for both Indians and Americans and strengthen global stability. Such cooperation, she said, will "elevate our partnership to a new strategic level."

Rice reiterated that the United States "unequivocally supports the international nuclear non-proliferation regime, the core of which is the Nuclear Non-Proliferation Treaty." India has been isolated by not being a signatory of the treaty, she said. "Rather, the goal of our initiative is to include India, for the first time ever, in the global nonproliferation regime," by requiring India to submit to the oversight of the International Atomic Energy Agency. She added that Britain, France and Russia also support this initiative.

U.S. congressional approval is needed for the nuclear initiative with India. The Senate Foreign Relations Committee and the House International Relations Committee recently approved versions of the Civil Nuclear Cooperation Initiative, but floor consideration has not yet occurred.

Rice expressed optimism in the future fulfillment of the agreement, and for a stronger partnership between the United States and India. "India and the United States can accomplish great things together in this century," she said, "We can define this new era not as the American century, or the Indian century, but the freedom century."

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